(b) SEB1 seeks clarifications from Merchant bankers who file the offer document on behalf of issuer company. In case of M/s Reliance Infratel Ltd. clarifications were sought regarding its business operations, Promoters/Promoter Group, Schemes of Arrangement and Board of Directors.

(c) and (d) Under the current regulatory regime, the price is discovered through book building mechanism by the market while issuer company is required to indicate the basis for issue price in the prospectus with the help of relevant qualitative and quantiative factors. In market environment, the price discovered is the appropriate price at that moment under the circumstances. When circumstances change, the price also changes and then it would appear that the IPO was overpriced or underpriced. Going by the level of the oversubscription to the IPO of Reliance Power, it appears that the Reliance Power was not overpriced. But, on the day of listing the closing price was Rs. 372.30 against an issue price of Rs. 450.

**Investments by banks in share markets**

† 2412. SHRI SATYAVRAT CHATURVEDI: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that certain nationalised and commercial banks want to invest banks' money in the share market;

(b) if so, the details thereof;

(c) the Authority responsible to pay customers' money in case banks' money sinks due to volatility for share market; and

(d) the guidelines issued by the Reserve Bank of India in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) To enable the banks have appropriate risk management and internal control systems, Reserve Bank of India (RBI) issued guidelines on "Bank Financing of Equities and Investment in Shares" on 11th May, 2001. Further, to rationalise the prudential capital market exposure norms prescribed for the banks, RBI issued guidelines on "Banks' exposure to Capital Markets—Rationalisation of Norms" on 15th December, 2006. In terms of these guidelines, the aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, as on March 31 of the previous year. Within this overall ceiling, the bank's direct investment in shares, convertible bonds/ debentures, units of equity-oriented mutual funds and all exposures to Venture Capital Funds (VCFs) (both registered and unregistered) should not exceed 20% of its net worth. The banks have also been advised to formulate a Board approved transparent policy and procedure for investment in shares and other permissible instruments, constitute Investment Committees; build up adequate expertise in equity research by establishing a dedicated equity research department, etc. RBI guidelines provide that the Investment Committee of the concerned bank is accountable for the investment made by the bank. The detailed guidelines are available on RBI website *www.rbi.org.in*.

† Original notice of the question was received in Hindi.